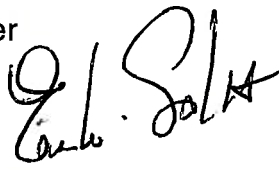


## Housing Authority - County of Los Angeles

July 26, 2012

TO: Sachi A. Hamai, Executive Officer  
Board of Supervisors

FROM: Sean Rogan, Executive Director



**SUBJECT: FRAUD INVESTIGATIONS REPORT**

This report is being submitted as per the recommendation from Supervisor Antonovich directing the Executive Director to report back on the amount of Section 8 cases that have opened and Section 8 terminations both Countywide and in the Antelope Valley from June 2011 through June 2012; the number of cases pending termination in the Antelope Valley; the process to reallocate dedicated investigators to the Antelope Valley and how the County can reinstate or have additional investigators.

The following table summarizes all terminations initiated by the Fraud Investigative Unit (IU) only for the Antelope Valley (AV) and the remainder of Los Angeles County (NON AV). There were a significant number of terminations that occurred during this period that did not involve this unit.

IU Terminations	June 2011 to June 2012	TOTAL %
AV	13	39%
NON AV	20	61%
TOTAL	33	100%

Terminations not involving the Fraud Investigative Unit.

As previously reported, there are a number of other methods the Housing Authority utilizes to fight fraud. The following is the total number of terminations that occurred during this same period in which the Fraud Investigative Unit was not involved. This number includes all terminations, including deceased tenants and persons who voluntarily terminated from the program. However, these two categories only account for 10% of the total terminations. The remaining 90% of terminations within this table are terminations that occurred due to compliance issues. This illustrates the effectiveness of our fraud prevention program on the administrative side.

All HCV Terminations	June 2011 to June 2012	TOTAL %
AV	142	16%
NON AV	772	84%
TOTAL	914	100%

Below is a table summarizing all fraud related calls received from the Fraud Hotline for fiscal year 2011/2012.

FRAUD HOTLINE CALLS	June 2011 to June 2012	TOTAL %
AV	210	24%
NON AV	649	76%
TOTAL	859	100%

The Fraud Investigative Unit conducts unannounced compliance checks to follow up on complaints received though the fraud hotline and various other channels. Below is the summary data of all compliance checks conducted for fiscal year 2011/2012.

	June 2011 to June 2012	TOTAL %
AV	256	22%
NON AV	882	78%
TOTAL	1138	100%

The following is a summary of the cases currently pending termination. These cases have been investigated and are at various stages of preparation for submittal to the program compliance unit.

Proposed Terminations Pending (Case Pending Issuance)	June 2011 to June 2012	TOTAL %
AV	0	0%
NON AV	3	100%
TOTAL	3	100%

The following table summarizes all cases that were closed within fiscal year 2011/2012.

Cases Closed	June 2011 to June 2012	TOTAL %
AV	86	13%
NON AV	565	87%
TOTAL	651	100%

There are 253 cases currently open. These cases are in various stages of the investigative process. The Fraud Investigations Unit is currently comprised of three investigators, a supervisor that also conducts field investigations and a fraud analyst. The following table summarizes all cases that remain open for fiscal year 2011/2012.

Cases Open	June 2011 to June 2012	TOTAL %
AV	118	47%
NON AV	135	53%
TOTAL	253	100%

The following table is a summary of all cases handled by the Fraud Investigative Unit in fiscal year 2011/2012.

TOTAL CASES	June 2011 to June 2012	TOTAL %
AV	204	23%
NON AV	700	77%
TOTAL	904	100%

**The process to reallocate dedicated investigators to the Antelope Valley.**

In June of 2011 your board authorized the implementation of a moratorium on all enhanced investigations for the Antelope Valley. On March 19, 2012 District Judge Wright approved the settlement authorized by your Board on January 24, 2012. The order approving settlement dismissed the Housing Authority and Sheriff's Department from the Lawsuit, and expressly ordered that the terms of the settlement "shall have the full force and effect of injunctive relief ordered by [the] Court." Additionally, the District Court retained jurisdiction over the settlement for a period of at least three years.

In accordance with the terms of the settlement and Court order we are not authorized to enter into any agreements with the cities of Lancaster or Palmdale for enhanced investigations within the Antelope Valley for a period of three years.

**Adding more Countywide Investigators**

The only option we currently have is to hire additional investigators for the Countywide team. The challenge with this option is a matter of extremely limited resources. As was reported during the budget briefing to the planning deputies and to your board, the Section 8 administrative fees have been reduced significantly in the past two fiscal years which has resulted in the layoff of 25 employees within the Section 8 program.

The average salary of a full time investigator including benefits is \$95,000 annually. Absent any funding from external sources, hiring additional investigators would require laying off other housing authority staff. Currently the caseloads for our case managers and housing quality standards inspectors have been increased in response to the division reorganization that resulted from the reduction in workforce.

**Other options to fight fraud**

We have been working closely with the Sheriff's Department for the past year to implement a new tool to fight fraud Countywide. Within the next two months we are launching a new automated process where we will be able to cross match arrest information specific to our Section 8 and Public Housing addresses for all 48 police departments operating within the

County of Los Angeles. We believe we will be the first housing authority in the nation to implement this type of tool to ensure that participants who commit violent and drug related crimes are terminated from our housing programs.

We also implement other tools to fight fraud such as the national Electronic Income Verification system that cross matches income information from other federal agencies such as the IRS, and the Social Security Administration as well as information from housing authorities nationwide.

Our housing quality inspectors also do a great job of fighting fraud by inspecting all units at least once each year and reporting things such as drug paraphernalia, unauthorized guests, or unusual conditions such as luxury vehicles or luxury items within the household.

### **Summary**

Although we do not have the ability to hire additional investigators specific to the Antelope Valley, we are implementing new methods such as countywide crime data matching, and the use of new technology to improve our investigations program. Some of these methods are the first to be used in the nation and will undoubtedly become a best practice for other jurisdictions to emulate.

The division has been a high performer for the past two fiscal years and is now housing more families, seniors, the disabled, and veterans than at any time in our agency's history. Despite this increase in workload and decrease in staffing, we remain committed to constantly seeking new ways and methods to ensure program integrity and compliance.

c: Edel Vizcarra, Deputy Fifth District